

Opening Statement
Chairman Pete Hoekstra
Subcommittee on Oversight and Investigations
Testimony by the Independent Review Board
July 30, 1998

Good afternoon.

This Subcommittee has held a series of hearings in which we have examined the Teamsters union's failed 1996 election. We have gathered considerable testimony about the inner structure of IBT headquarters.

We have worked to understand the context in which the Ron Carey campaign finance scandal took place, and the lack of controls that allowed it to happen.

We have heard from veteran, reform-minded Teamsters whose fight for more openness in the union was discouraged, and finally defeated.

We have heard from the federal Election Officer, the Independent Financial Auditor, the IBT's own auditors and actuaries, the IBT's acting president, the president of the AFL-CIO, and an IBT vice president who served as Ron Carey's executive assistant and as administrator of the union's Ethical Practices Committee.

But no attempt at understanding the history of the IBT during the past 10 years would be complete without testimony from the panel of witnesses who appear before us today.

The role played by the Independent Review Board in the life of the Teamsters union really has been unique, in terms of both its extraordinary power and authority to direct the overall course of the IBT, and the remarkable share of the burden of responsibility delegated to it by the federal government in its campaign to encourage union democracy.

This week we saw the latest example of this entity's far-reaching influence over Teamsters affairs when the IRB banned Ron Carey from the union for life, along with his former director of government affairs, Bill Hamilton.

The roots of the IRB's monitoring and disciplinary authority lie in the Consent Decree signed by the Justice Department and the Teamsters union in 1989.

Since 1989, there have been two distinct stages in the life of this authority.

The Consent Decree originally created an Independent Administrator whose principal focus was to eradicate mob influence in the IBT. The Independent Administrator also had far-reaching authority to review IBT finances, and to veto financial transactions if necessary.

The Administrator's actions were intended to pave the way for the Teamsters' first-ever direct election of officers – the 1991 contest won by Ron Carey.

Phase Two began after the 1991 election, when control over day-to-day union affairs was restored to the IBT – which the government believed, or hoped, had now grown more democratic. The Independent Administrator was succeeded by a three-member Independent Review Board, which retained considerable power to monitor IBT affairs.

The three members of the IRB – now in their second terms of service – are with us today, along with the IRB's administrator and its chief investigator. One of them – Judge Frederick Lacey – also served as the original Independent Administrator. So we have a veritable encyclopedia of institutional history to draw on this afternoon.

I often hear people say, or I read in newspaper editorials, that the Teamsters are a different union today. In terms of ridding the union of mob corruption, that appears to be true. The IRB deserves credit for that accomplishment.

At the same time, to be candid, we have to acknowledge that the swap schemes carried out by the Carey campaign in 1996 were a keen disappointment -- a serious setback for the government's efforts to instill the spirit of union democracy in the IBT.

Only last week, the Justice Department pointed out that the IBT -- which had been ordered by Judge Edelstein to submit a plan for conducting the re-run election made necessary by the Carey scandal -- grudgingly submitted eight short paragraphs to the judge.

The Justice Department commented -- and I quote -- "The union's utter failure to submit a workable plan for the re-run, and its dismissive attitude toward the Court-ordered schedule for that election, demonstrate that the IBT is neither ready, willing, nor able to proceed with the re-run election without direction by the Court."

I noticed that Judge Edelstein, who oversees the Consent Decree, actually called on [quote] "the good members of this union to rise up in revolt against the self-serving little men in charge" of the IBT [unquote]. I assume he was referring to acting IBT president Tom Sever and the other Carey holdovers at the Marble Palace.

As I'm sure our witnesses know, this Subcommittee has encountered a similar attitude of arrogance and a similar strategy ranging somewhere between stonewalling and grudging compliance.

So I look forward to this afternoon's testimony. This is a very timely opportunity to ask whether 10 years of federal oversight has been effective, and whether the condition in which we find the IBT means that the government underestimated the task before it.

I'll be interested to hear, too, whether the IRB might be able to bring some of its power and authority to bear to help this Subcommittee overcome the IBT's refusal to cooperate, even now, with some aspects of this investigation.

Specifically, I will be very interested to find out what our witnesses know about work ostensibly performed by attorney Charles Ruff and a private investigator, Jack Palladino, for Ron Carey in 1994 -- the same year that Carey's alleged ties to the mob were under investigation by the IRB.

The IBT refuses to comply with our subpoena for documents relating to whatever work was done by Mr. Ruff, who now serves President Clinton as White House counsel. The mystery deepened in our hearing last week when Aaron Belk -- Carey's former executive assistant -- seemed to contradict Mr. Ruff's sworn testimony about the nature of his services to the IBT.

Mr. Belk said that he -- Belk -- had served as head of the union's Ethical Practices Committee, and at no time had Ruff performed work for the committee.

But in a sworn affidavit, Ruff said [quote] "as part of the firm's representation of the IBT, it also served as counsel to the IBT's Ethical Practices Committee."

I am eager to hear what light today's witnesses can shed on the matter of Ruff and Palladino, and whether they may possess investigative powers that can force into the daylight whatever it is the IBT is working so hard to hide.

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